

Chief Executive's Review

INVESTED IN THE CUSTOMERS AND COMMUNITIES WE SERVE

Paddy Hayes
Chief Executive



Invested in a Sustainable Future

In a year of continuing high wholesale energy costs, macroeconomic challenges, and further evidence of the impact of climate change, ESB remained focused on protecting customers and delivering long-term energy solutions to enable a future that is more secure and sustainable. More than ever, we recognise the responsibility of ESB and others in the electricity sector to lead the transition to a net-zero energy system.

Protecting Customers

Although energy prices softened during the year, they remained high and unpredictable. Electric Ireland and So Energy worked to protect customers from extreme price volatility through effective hedging and tailored customer supports, and by passing on price reductions when it was possible to do so. Throughout the energy crisis, Electric Ireland consistently offered one of the lowest standard variable electricity rates in the Irish market.

Record Investment

Solid operating profits of €1.1 billion have enabled us to invest a record €1.7 billion in critical energy infrastructure in 2023, most of which went towards building and enhancing network infrastructure in the Republic of Ireland (ROI) and Northern Ireland (NI), developing renewable generation and adding capacity to support energy security.

Resilient Infrastructure for a Low-Carbon System

ESB Networks and NIE Networks in aggregate invested over €1.2 billion to meet renewable connection targets, to service demand growth, to upgrade and expand the networks, and to prepare for the widespread adoption of electric transport and heating. There was a substantial increase in renewable generation connected into the distribution systems, with over 79,000 microgeneration projects now registered. By the year end, there was 1 GW of solar connected to the system, including 400 MW of rooftop, mini, micro and small-scale renewable generation. ESB Networks continued the roll out of smart meters on behalf of the CRU (Commission for Regulation of Utilities), passing the 1.5 million milestone during 2023 and expanding access to personalised insights through an online portal.

commissioned, providing support for the system peak, with a further 180 MW in construction, while Project Winter saw further investment in the availability of existing generation capacity in Ireland, NI and Great Britain.

Innovation and Collaboration

We continue to research, trial and deliver innovative solutions in collaboration with a range of partners. In 2023, ESB hosted the Free Electrons programme featuring 15 international startups and continued to invest in our X_Site and X_Potential programmes. We finalised a JV agreement with Simply Blue Group to co-develop the Saoirse Wave Energy project, a 5 MW innovation project to be located off the west coast of Ireland and are working in partnership with Bord Gáis Energy and dCarbonX on Project Kestrel, exploring long term energy storage options off the south coast.

Digital and Data

Leveraging digital and data to drive productivity, improve efficiency and enhance customer experience is central to ESB's strategy. Highlights include a new mobile app for residential customers (a joint venture (JV) between ESB and Electric Ireland) and the exploration of Generative AI to support productivity and collaboration via Microsoft Co-Pilot.

Sustainability Leadership

Climate action is central to the strategy and carbon emissions from ESB's generation portfolio, which had increased through 2021 and 2022, had increased significantly during 2023. In relation to other sustainability challenges where ESB can make a difference, we finalised our Sustainability Leadership Plan which set out a range of priority impact areas including biodiversity, community engagement and resource use supported by an in-house community of more than 80 Sustainability Navigators.

Supporting Customers to Decarbonise

Supporting customers to use clean electricity to decarbonise included ramping up the delivery of deep retrofits through Electric Ireland Superhomes (a JV with the Tipperary Energy Agency) and enhancing electric vehicle charging infrastructure (supported by the Climate Action Fund in ROI and by the Levelling Up Fund in NI). ESB's Smart Energy Services supported business customers to decarbonise on a range of projects including the installation of industrial grade heat pumps and the electrification of public transport, while SIRO, our JV with Vodafone, continued the roll out of gigabit broadband, now passing 550,000 homes in communities across Ireland.

Community Support

Through our Energy for Generations Fund and Wind Farm Community Funds, ESB distributed almost €2 million to charities and community groups. We also worked with artists and arts organisations, including Dublin Dance Festival, the Nerve Centre Derry and Business to Arts, on projects to promote sustainability and climate action under our Brighter Future Arts Fund.

Maintaining and Developing an Inclusive and Diverse Workforce

ESB's ROI Gender Pay Gap reduced again this year and 27% of the 2023 intake into ESB Networks' apprenticeship programme were women (up from 24%). However, more work is needed. During 2023, we supported a number of initiatives to promote diversity in Science, Technology, Engineering and Mathematics (STEM) through our Generation Tomorrow education programme and through engagements with Engineers Ireland and Connecting Women in Technology.

An Enduring Focus on Safety

Minding the health, safety and wellbeing of our colleagues, contractor partners and the public remains of primary importance for ESB. Through our "Safe and Sound" and "Safer Together" programmes, we continue to work on building an open and inclusive workplace where people feel valued and trusted, and a culture where everyone chooses to take responsibility both for their own safety and the safety of others.

Enhancing Capability and Expertise

Our capable and professional staff have shown great commitment and flexibility, with record delivery through 2023. Compared to December 2022, there was a net increase of over 800 people in ESB, bringing our numbers to just over 9,200, ensuring we are continuing to build the capacity and skills to serve our customers and deliver our net zero ambition.

Outlook

The accelerated global warming experienced in 2023 makes clear the importance and urgency of developing and connecting more renewables and using clean electricity to decarbonise heat, transport and the economy. We remain focused on supporting the customers and communities we serve through 2024 while continuing to invest in a more sustainable energy future, driving for net zero by 2040.

Paddy Hayes
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